

Delaware Insurance Commissioner Karen Weldin Stewart Alerts “Baby Boomers” on Early Retirement Options

Many Will Have to Look For Alternative Health Insurance Coverage

DOVER – Delaware Insurance Commissioner Karen Weldin Stewart expressed concern for soon to retire “Baby Boomers” (those born between 1946 and 1964), many of whom will face the uncertain prospect of finding alternative health insurance coverage until they reach the age of 65 when they are eligible for Medicare. The Commissioner said, “While for some in this age group, a lifetime of working means a good pension and benefits after concluding their careers. However because more and more companies are converting retirement benefits, too many in the ‘boomer generation’ are left in the precarious position of finding alternative health insurance coverage.” The Commissioner continued, “For those considering early retirement or need to consider retirement health insurance options, we at the Delaware Department of Insurance offer these options for where to look and what to consider in your decision.

1. **Spouse’s Policy** – If your spouse is still employed and has access to benefits, you may be able to be added to the policy. While your spouse may have to pay more for the coverage, this is likely your most affordable option.
2. **COBRA** – The Consolidated Omnibus Budget Reconciliation Act (COBRA) lets former employees and their dependents continue their coverage for up to 18 months. While your employer cannot refuse coverage through COBRA, it is

unlikely that they will continue to subsidize the premium. They may also charge an administrative fee. The Commissioner is working on legislation for a “mini” COBRA bill that will provide options for continued health insurance coverage for small employer groups under 20 that will allow them to pick up COBRA coverage.

3. **Military** – If you are a retired military veteran, you may be eligible to join the Defense Department’s Tricare plan. Read more about who is eligible for Tricare and the coverage offered here.
4. **Individual Coverage** – These plans can be expensive, especially if you are on medications or have a chronic health condition. In some cases, preexisting conditions may make it difficult to find coverage. Starting in 2014, however, insurers will not be allowed to deny coverage based upon your health status. Shopping for an individual policy can be challenging. Make sure to compare policies carefully and ask questions about what benefits are included. Make sure you understand your deductibles and coinsurance requirements; and ask about prescription drug coverage. Also, the agent or broker you are working with, as well as the insurance company writing the policy, must be licensed in your state. Be sure to check with your state insurance department to confirm the agent and company before making any payments.
5. **Pre-Existing Condition Insurance Plan** – These plans were created to help adults with preexisting conditions find individual coverage. In order to be eligible for coverage in one of these subsidized pools, you will need to meet certain qualifications. Contact us at 1-800-282-8611 toll-free in Delaware or (302) 674-7310 to find out more about these programs.
6. **High Deductible Health Plans (HDHP)** – These plans only cover catastrophic health care costs. This means you will be responsible for paying much more of the upfront cost before the policy would pay any benefits for

eligible medical expenses. HDHPs have a lower premium to compensate for the higher out-of-pocket costs incurred with these high deductibles. Often these types of plans work with a Health Savings Account (HSA) that allows you to set aside funds for future qualified medical expenses. If you are considering an HDHP, make sure to read the policy form – paying careful attention to the benefits and the limitations of the plan. This consumer alert has more information about how to evaluate an HDHP and HSA.

Coverages – Make sure that you understand the terms and coverages of the policy. The lowest premium option may not provide the coverages you need for your health status.

- What are the deductibles or co-insurance payments?
- What are the limits on coverage?
- Can you see your current doctor or seek treatment in the same hospitals?
- Is there an annual limit to what the insurance company will pay for any particular coverage?
- Is there a cap on the out-of-pocket amounts you have to pay?
- How often will your policy be reviewed or how often can you expect a premium change?
- Are prescription drugs covered?

Commissioner Stewart concluded, “I urge Delawareans to contact us with their concerns and problems. By doing so, we are not only able to provide assistance where our authority allows us to, but also to gather information in order to see if new legislation needs to be enacted, regulations and bulletins need to be written and/or policies need to be changed.”